

## Message Text

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PAGE 01 LONDON 10958 01 OF 02 171722Z

46

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-02 PRS-01 PA-01 FEA-01 INT-05 AGR-05

/098 W

----- 096563

R 171713Z JUL 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2960

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION NATO BRUSSELS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMCONSUL EDINBURGH

AMCONSUL BELFAST

AMCONSUL LIVERPOOL

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 10958

E.O. 11652: N/A

TAGS: PINT, PGOV, EGEN, UK

SUBJECT: TORIES AND TRIBUNE ON GOVERNMENT ANTI-INFLATION  
PROGRAM

REF: LONDON 10678

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PAGE 02 LONDON 10958 01 OF 02 171722Z

SUMMARY: CONSERVATIVE SHADOW CABINET AND PARLIAMENTARY

LABOR PARTY'S (PLP) LEFT-WING TRIBUNE GROUP HAVE BEEN STRUGGLING TO HAMMER OUT THEIR RESPECTIVE POSITIONS ON THE GOVERNMENT'S ANTI-INFLATION PROGRAM (REFTEL) WHICH WILL BE DEBATED IN THE HOUSE OF COMMONS NEXT WEEK. BOTH HAVE FUNDAMENTAL DIFFERENCES WITH GOVERNMENT ON HOW INFLATION PROBLEM SHOULD BE HANDLED AND SERIOUS INTERNAL DIFFERENCES AS WELL. SHADOW CABINET HAS DECIDED TO TABLE "REASONED" AMENDMENT ATTACKING GOVERNMENT PROPOSALS WHICH THEY BELIEVE IS CERTAIN TO FAIL, AND THEN TO ABSTAIN ON MAIN MOTION ENDORSING GOVERNMENT WHITE PAPER. TRIBUNITES ARE IN DISARRAY OVER ISSUE, WITH HARD-LINE LEFTISTS APPARENTLY DETERMINED TO VOTE AGAINST GOVERNMENT IN FINAL DIVISION. END SUMMARY.

1. CONSERVATIVE SHADOW CABINET JULY 16 CONCLUDED ITS DELIBERATIONS REGARDING PARTY POSTURE ON GOVERNMENT'S ANTI-INFLATION PROPOSALS BY AGREEING TO TABLE DETAILED AMENDMENT ATTACKING GOVERNMENT PROPOSALS AS BEING INADEQUATE TO DEAL WITH INFLATIONARY THREAT. AMENDMENT IS EXPECTED TO CALL FOR INTER ALIA, REDUCED GOVERNMENT SPENDING, CURTAILMENT OF SOCIAL SERVICES, AND STATUTORY PENALTIES FOR VIOLATION OF WAGE INCREASE CEILINGS. ONCE AMENDMENT IS VOTED ON -- TORIES DO NOT EXPECT THIS AMENDMENT WILL CARRY -- PARTY WILL THEN ABSTAIN ON MAIN MOTION APPROVING WHITE PAPER. WE UNDERSTAND FROM CONSERVATIVE MPS THAT PARTY IS EXPECTED TO

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PAGE 01 LONDON 10958 02 OF 02 171726Z

46

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 FEA-01 INT-05 L-03 H-02 AGR-05 PRS-01 PA-01

( ISO ) W

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R 171713Z JUL 75  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 2961  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY LUXEMBOURG  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY THE HAGUE  
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LIMITED OFFICIAL USE SECTION 02 OF 02 LONDON 10958

IMPOSE THREE LINE WHIP ON BOTH THE AMENDMENT AND MAIN  
MOTION. DELIBERATIVE PROCESS REVEALED SUBSTANTIAL  
DIFFERENCES WITHIN CONSERVATIVE PARTY AS TO STRATEGY ON  
THIS ISSUE, WITH FORMER HEATHITES TAKING POSITION THAT  
PARTY SHOULD POINT OUT ERRORS IN GOVERNMENT'S APPROACH  
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PAGE 02 LONDON 10958 02 OF 02 171726Z

(THE AMENDMENT) AND, WHEN DEFEATED, VOTE TO SUPPORT WHITE  
PAPER SINCE IT IS, IN EFFECT, THE ONLY GAME IN TOWN.  
THIS POSITION WAS OPPOSED BY RIGHT-WINGERS, MOSTLY MONE-  
TARISTS, WHO FAVORED VOTING AGAINST GOVERNMENT. FACED  
WITH THIS SITUATION, PARTY LEADERSHIP ELECTED TO COMPRO-  
MISE.

2. PLP'S LEFT-WING TRIBUNE GROUP UNDERTOOK EQUALLY  
DETAILED STRATEGY REVIEW ON WHITE PAPER WHICH, IF ANY-  
THING, WAS MORE DIVISIVE THAN THAT OF TORIES. HARD-LINE  
LEFTISTS HAVE ARGUED THAT WHITE PAPER IS NOTHING MORE  
THAN DISGUISED STATUTORY POLICY WHICH IS ANATHEMA TO THEM  
AND SHOULD BE OPPOSED WHEN IT COMES TO A VOTE. MIDDLE  
GROUND IS OCCUPIED BY THOSE ARGUING THAT TIME TO OPPOSE  
GOVERNMENT IS WHEN AND IF IT SEEKS STATUTORY BACK-UP  
POWERS, WHILE TRADE UNION LOYALISTS ARGUE THAT TRIBUNE  
SHOULD NOT OPPOSE POLICY WHICH IS ACCEPTED OR ENDORSED BY  
TUC. ON THIS BASIS IT NOW APPEARS THAT BULK OF  
TRIBUNITES WILL SUPPORT GOVERNMENT, WITH SMALL NUMBER,  
PROBABLY NOT MORE THAN 20, OPPOSING MAIN MOTION.

3. COMMENT: TORY DECISION NOT TO OPPOSE WHITE PAPER  
ON FINAL VOTE VIRTUALLY ASSURES APPROVAL OF GOVERNMENT  
POLICY AND ALLOWS EXTREME LEFTISTS TO ENGAGE IN CON-  
SCIENCE-SAVING EXERCISE WITHOUT RISK TO GOVERNMENT. WE  
ALSO UNDERSTAND THAT SOME CONSERVATIVE MP'S ARE PREPARED  
TO IGNORE PARTY WHIP ON FINAL VOTE AND WILL SUPPORT  
GOVERNMENT, HIGHLIGHTING INTERNAL PARTY DIFFERENCES AND  
ENSURING LOSS OF ANY TACTICAL POLITICAL ADVANTAGE WHICH  
MIGHT HAVE BEEN GAINED ON THIS ISSUE. END COMMENT.

RICHARDSON

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**To:** STATE  
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